

Message Text

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20

ACTION NEA-16

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /145 W

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P R 170907Z JUN 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHC PRIORITY 2760

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

C O N F I D E N T I A L TEL AVIV 3256

E.O. 11652: GDS

TAGS: ENRG, IS, IR

SUBJ: ISRAELI PETROLEUM IMPORTS

REF: TEL AVIV 2550 AND 2557

1. IN CONVERSATION WITH EMBOFFS ON JUNE 11, MOSHE BITAN, MANAGING DIRECTOR OF PAZ OIL COMPANY, STATED THAT HE HAD JUST RETURNED FROM TEHRAN WHERE HE HEADED ISRAELI TEAM NEGOTIATING PURCHASE OF CRUDE OIL. HE SAID THAT AGREEMENT HAD BEEN REACHED FOR 2 MILLION TONS, WHICH WOULD BE IMPORTED OVER SECOND HALF OF 1974, AT PRICE OF "93 PERCENT OF POSTED PRICE, I.E., ABOUT \$11 PER BARREL." HE ADDED THAT GOI IS TRYING TO NEGOTIATE COMPENSATION FROM IRANIANS FOR "OVERCHARGING" FOR 2 MILLION TONS OF CRUDE IMPORTED DURING THE FIRST HALF OF 1974 AT AUCTION PRICE OF \$16.50. BITAN DID NOT SEEM TO THINK THERE WAS MUCH CHANCE IRAN WOULD AGREE TO COMPENSATION, WHICH WOULD REQUIRE POLITICAL DECISION AT HIGHEST LEVELS.

2. BITAN SAID ISRAEL IS CONSIDERING THE POSSIBILITY OF STORING CRUDE OIL UNDERGROUND, AND PLANS TO DISCUSS TECHNICAL PROBLEMS
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INVOLVED WITH SWEDISH EXPERTS IN THE FIELD. HE SAID

THAT AT PRESENT ISRAEL IS ABLE TO MAINTAIN FIVE-MONTH RESERVE
OF COMBINED CRUDE AND DISTILLATES.

3. BITAN SAID HE WAS NOT PRIVY TO GOI CONSIDERATIONS OF
POSSIBLE DISPOSITION OF ABU RODEIS OIL FIELDS. HE DID SAY THAT
ISRAEL REFINING CAPABILITY WOULD NOT RPT NOT BE AFFECTED BY
THE LOSS OF SINAI CRUDE. ALTHOUGH THE REFINERY AT ASHDOD HAD
BEEN CONFIGURED WITH THE RELATIVELY HEAVY ABU RODEIS OIL IN
MIND, A SHIFT TO LIGHTER CRUDE INPUT COULD BE ACCOMMODATED BY
SLIGHT ADJUSTMENTS IN THE MIX OF REFINED PRODUCTS.
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Message Attributes

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